

APPENDIX VI-3

FORMS OF IRREVOCABLE UNCONDITIONAL LETTER OF CREDIT AND TRANSFER OF LETTER OF CREDIT

Applicability: Ginnie Mae I MBS Program and Ginnie Mae II MBS Program.

Purpose: This Appendix provides the forms of letter of credit that must be used in the situations in which letters of credit are permissible or required in the Ginnie Mae MBS program. It also provides a form letter for use in transferring a letter of credit. The situations for the use of these forms are:

- A. Use of letter of credit in connection with pools or loan packages past due for final certification or recertification. This form is also used for a letter of credit to be used as collateral in mark to market requirements.
- B. Use of letter of credit as collateral in connection with VA vendee account mortgages on installment contracts guaranteed pursuant to VA regulation 4600 (“VA vendee loans”).
- C. Use of letter of credit as collateral to fund FHA Project Escrows where FHA permits their use.
- D. Use of transfer letter for transferring all rights to a letter of credit.

The forms are provided, respectively, in the following pages.

Parties using letters of credit in connection with the Ginnie Mae MBS Program must follow the prescribed form without deviation. Nonconforming letters of credit are not acceptable. Ginnie Mae will not accept any letter of credit that departs in any manner from the prescribed form, and use of such a letter of credit would constitute a failure to comply with Ginnie Mae requirements. **In using a letter of credit the parties agree that the Uniform Customs and Practices for Documentary Credits (UCP) shall not apply thereto.**

Instructions for Completing Forms

These instructions relate to the entry to be made in the corresponding numbered space in the form.

1. Identifies the beneficiary, i.e., the party entitled to draw on the letter of credit. The letter of credit in the case of pools or loan packages past due for final certification or recertification and in mark to market cases is non-transferable in that the beneficiary's right to draw on the letter cannot be assigned to a third party. For pools or loan packages past due for final certification or recertification, the beneficiary always is Ginnie Mae. For mark to market cases, the beneficiary is the party that is contra to the party with an unrealized loss. For VA vendee loans, the beneficiary always is Ginnie Mae. For FHA Multifamily project loans, the beneficiary always is Ginnie Mae.
2. A letter of credit number is assigned by the issuing bank. In order to draw on the letter of credit, the beneficiary must identify the letter by its assigned number.
3. An issuance date is assigned by the issuing bank. This is the date on which the letter of credit becomes effective.
4. Identifies the party in whose name the account is established. In the mark to market situation, the Account Party is that party obligated to make a deposit of collateral by virtue of having suffered an unrealized loss (when the market price is measured against the contract's price). For pools or loan packages past due for final certification or recertification, VA vendee loan, and 223(f) project loan situations, the Account Party always is the Ginnie Mae issuer.
5. Shows the amount of the letter of credit, as specified by the Account Party, in accordance with applicable Ginnie Mae regulations and Ginnie Mae MBS Guide requirements.
6. Expiration date of the letter of credit. The Account Party is responsible for renewing the letter of credit (or, in the mark to market situation, arranging other eligible collateral) if it has obligations to the beneficiary to maintain collateral still outstanding as of the expiration date of the letter of credit.
7. The office at which sight drafts drawn under the letter of credit may be presented (including presentment by a mechanical or electronic method) and will be honored.

Note: In the mark to market collateral situation, the terms and conditions under which draws may be made on the letter of credit are to be negotiated by the parties and stated in their trading contract. Presentation of a draft under the letter of credit shall constitute a representation by the beneficiary of its compliance with the contract's terms.

8. Type in the name of the issuing bank.
9. Signature of the authorized agent and/or officer of the issuing bank.
10. Typed name of the authorized agent and/or officer who signs the letter of credit.
11. Title of the authorized agent and/or officer who signs the letter of credit.
12. Pools or loan packages past due for final certification or recertification only:
Attach a list of Ginnie Mae pool numbers for the pools or loan packages
preventing final certification or recertification.
13. VA vendee loans only: enter the Ginnie Mae pool number associated with the
subject securities issuance.
14. FHA Multifamily project loan situations only: enter the case number(s) assigned
by FHA to the project(s) being financed by the securities issuance.
15. FHA Multifamily project loan situations only: enter the Ginnie Mae pool number
associated with the subject securities issuance.
16. Date of transfer letter.
17. Name of transferee.

***A. Form of Letter of Credit for Use as Collateral
in Connection with Pools or Loan Packages Past Due
for Final Certification or Recertification***

(Issuing Bank's Letterhead)

Irrevocable Unconditional Letter of Credit

Beneficiary: _____ (1) Letter of Credit No.: _____ (2)

Date: _____ (3)

Gentlemen:

For the account of _____ (4), we hereby authorize you to draw on us at sight up to an aggregate amount of _____ (5) dollars (\$ _____).

This letter of credit is irrevocable, unconditional, and nontransferable.

Drafts drawn under this letter of credit must specify the letter of credit number and be presented at the office identified below not later than _____ (6). Any sight draft may be presented to us by electronic, reprographic, computerized or automated system, or be a carbon copy, but in any event must visibly bear the word "original". If the document is signed, the signature may consist of (or may appear to us as) an original handwritten signature, a facsimile signature or any other mechanical or electronic method of authentication.

This letter of credit sets forth in full the terms of our obligations to you, and such undertaking shall not in any way be modified or amplified by any agreement in which this letter is referred to or to which this letter of credit relates, and any such reference shall not be deemed to incorporate herein by reference any agreement.

We engage with you that sight drafts drawn under, and in compliance with, the terms of this letter of credit will be duly honored at _____ (7).

Yours very truly,

(8) [Issuing Bank]

By _____ (9)
[(10)]

[(11)]

ATTACH [(12)]

***B. Form of Letter of Credit for Use as Collateral in
Connection with VA Vendee Loans****

(Issuing Bank's Letterhead)

Irrevocable Unconditional Letter of Credit

(1) To: Government National Mortgage Association 451 Seventh St., S.W. Washington, D.C. 20410	Letter of Credit No.: _____ (2) Date: _____ (3) Ginnie Mae Pool No.: _____ (13)
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Gentlemen:

For the account of (4) , we hereby authorize you to draw on us at sight up to an aggregate amount of (5) dollars (\$ _____).

This letter of credit is irrevocable and unconditional.

Drafts drawn under this letter of credit must specify the letter of credit number and be presented at the office identified below not later than (6) . Any sight draft may be presented to us by electronic, reprographic, computerized or automated system, or be a carbon copy, but in any event must visibly bear the word "original". If the document is signed, the signature may consist of (or may appear to us as) an original handwritten signature, a facsimile signature or any other mechanical or electronic method of authentication.

This letter of credit sets forth in full the terms of our obligations to you, and such undertaking shall not in any way be modified or amplified by any agreement in which this letter is referred to or to which this letter of credit relates, and any such reference shall not be deemed to incorporate herein by reference any agreement.

We engage with you that sight drafts drawn under, and in compliance with, the terms of this letter of credit will be duly honored at (7) .

Yours very truly,

(8) [Issuing Bank]

By (9)

[(10)]

[(11)]

* To be used in connection with VA vendee account mortgages, or installment contracts guaranteed pursuant to VA Regulation 4600.

***C. Form of Letter of Credit for use as Collateral in the
Multifamily Mortgage-Backed Securities Program***

(Issuing Bank's Letterhead)

Irrevocable Unconditional Letter of Credit

(1) To: Government National
Mortgage Association
451 Seventh St., S.W.
Washington, D.C. 20410

Letter of Credit No. _____(2)
Ginnie Mae Pool No. _____(14)
FHA Project No. _____(15)
Date No. _____(3)

Gentlemen:

For the account of (4) , we hereby authorize you or your transferee to draw on us at sight up to an aggregate amount of (5) dollars (\$ _____).

This Credit is irrevocable, unconditional and transferable. This Credit may be transferred without charge one or more times upon receipt of your written instructions submitted in accordance with the attached transfer form.

Drafts drawn under this Credit must specify the number of this Credit and be presented at the office identified below not later than (6). Any sight draft may be presented to us by electronic, reprographic, computerized or automated system, or be a carbon copy, but in any event must visibly bear the word "original". If the document is signed, the signature may consist of (or may appear to us as) an original handwritten signature, a facsimile signature or any other mechanical or electronic method of authentication.

This Credit sets forth in full the terms of our obligation to you, and such undertaking shall not in any way be modified or amplified by any agreement in which this Credit is referred to or to which this Credit relates, and any such reference shall not be deemed to incorporate herein by reference any agreement.

We engage with you that sight drafts drawn under and in compliance with the terms of this credit will be duly honored at (7).

Yours very truly,

(8) [Issuing Bank]

By _____(9)
[(10)]

[(11)]

D. Sample Form for Transfer of Letter of Credit

To: Name and Address of Issuing Bank

Bank Date: (16)

Gentlemen:

We hereby transfer to .: (17) all rights to your Letter of Credit Number .: (2), subject to the terms of such Credit. Enclosed is the original Letter of Credit which should be returned to us with the endorsement of this transfer thereon.

Yours very truly,

(Authorized Signature)
(Beneficiary)

Enclosure